

Options on a security, then market participants would be able to designate certain contract terms for options of such securities, including: exercise price; exercise style (i.e., American, European or capped); expiration date; and option type (i.e., put, call or spread).

PSE Rule 8.109(a) currently provides for the selection of "FLEX Qualified Market Makers," i.e., market makers whom the Exchange deems to be qualified to trade Exchange Equity Options based on the following factors: (1) The preference of the registrants; (2) the maintenance and enhancement of competition among market makers; and (3) the assurance that the market maker will have adequate financial resources.<sup>4</sup> In addition, pursuant to Rule 8.115(a), FLEX Qualified Market Makers may not effect any transactions in FLEX Equity Options unless one of more letter(s) of guarantee has been issued by a clearing member and filed with the Exchange pursuant to Rule 6.36(a). In connection with these letters of guarantee, a clearing member must accept financial responsibility for all FLEX transactions made by such market makers.

PSE Rule 8.109(a) currently provides that the Exchange shall appoint five or more FLEX Qualified Market Makers to each FLEX Equity Option prior to its listing.<sup>5</sup> The Exchange proposes to reduce the minimum number of FLEX Qualified Market Makers required under Rule 8.109(a) from five to three. The Exchange is proposing this change in order to enhance its ability to trade FLEX Equity Options on the Exchange. The Exchange believes that no undue financial risk to the Exchange would result from this change because each transaction of FLEX Qualified Market Makers will be backed by a clearing member, which will accept financial responsibility for all FLEX transactions made by such market makers pursuant to a letter of guarantee.<sup>6</sup> The Exchange also believes that three FLEX Qualified

Market Makers will be a sufficient number of traders to provide quotations in response to requests for quotes because the Exchange expects that FLEX Equity Options will be traded in the same trading crowd as Non-FLEX Options on the same underlying securities. In this regard, the Exchange notes that under the current rules, two FLEX Appointed Market Makers may be designated in lieu of five FLEX Qualified Market Makers to trade FLEX Equity Options.<sup>7</sup>

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and is not designed to permit unfair discrimination among customers, issuers, brokers or dealers.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange believes that the proposed rule change will impose no burden on competition.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

No written comments were solicited or received with respect to the proposed rule change.

#### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- (A) By order approve such proposed rule change, or
- (B) Institute proceedings to determine whether the proposed rule change should be disapproved.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All submissions should refer to File No. SR-PSE-96-11 in the caption above and should be submitted by May 17, 1996.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

Jonathan G. Katz,  
Secretary.

[FR Doc. 96-10315 Filed 4-25-96; 8:45 am]

BILLING CODE 8010-01-M

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## **SMALL BUSINESS ADMINISTRATION**

### **Minneapolis Advisory Council Meeting**

The U.S. Small Business Administration, Minneapolis, St. Paul District Advisory Council will hold a public meeting on Friday, May 24, 1996 at 11:30 am at the Decathlon Club, 1700 East 79th Street, Bloomington, Minnesota, to discuss matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Mr. Edward A. Daum, District Director, U.S. Small Business Administration, 610-C Butler Square, 100 North Sixth Street, Minneapolis, Minnesota 55403, (612) 370-2306.

Dated: April 22, 1996.

Bill Combs,

Associate Administrator for Office of Communication and Public Liaison.

[FR Doc. 96-10401 Filed 4-25-96; 8:45 am]

BILLING CODE 8025-01-P

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## **SOCIAL SECURITY ADMINISTRATION**

### **Agency Information Collection Activities: Submission for OMB Review; Comment Request**

Normally on Fridays, the Social Security Administration publishes a list of information collection packages that

<sup>4</sup> By contrast, under Rules 8.100 *et seq.*, "FLEX Appointed Market Makers" are those individuals who have been designated by the Exchange to trade FLEX options on a specific underlying index ("FLEX Index Option") that has been approved by the Commission for FLEX Options trading. See PSE Rules 8.100(a)(1) and 8.109(a).

<sup>5</sup> With respect to FLEX Index Options, two FLEX Appointed Market Makers must be approved to trade FLEX Options on a given index before the Exchange may list FLEX Options on that index. FLEX Appointed Market Makers must also meet the capital requirements of Rule 8.114 (i.e., they must maintain \$1 million net liquidating equity and/or \$1 million net capital (as defined by SEC Rule 15c3-1 under the Act)), and they must also meet the account equity requirements of Rule 8.113(a) (i.e., the net liquidating equity maintained in their individual or joint accounts must be least \$100,000).

<sup>6</sup> See PSE Rule 8.115(a).

<sup>7</sup> See PSE Rule 8.109(a).

<sup>8</sup> 17 CFR 200.30-3(a0912).